

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

March 6, 2012

Relates to Item #15

Over the past three years, the County Office of Sustainability has applied for, and received, nearly \$40 million in funds to develop, implement, and administer the Energy Upgrade California in Los Angeles County (EUCLA) program. EUCLA’s ultimate goal was to make it easier—financially and administratively—for homeowners and commercial property owners in LA County to install solar panels and make energy efficiency upgrades to their properties. The program began with ambitious and worthwhile goals: upgrade 15,000 homes, create roughly 3,000 jobs, and add \$150 million to the local economy.

A key component of EUCLA’s original design was property-assessed clean energy (“PACE”), wherein interested property owners could finance energy-related improvements through an assessment contract with the County that was secured by a priority lien placed against the property. A property owner utilizing this financing arrangement would have received unique benefits: no large down payment, and the ability to sell the property with the loan terms intact. PACE was authorized for use in California by AB 811. Despite the focus that the U.S. Department of Energy placed on funding this program—the vast majority of EUCLA funding flowed from DOE grants that

MOTION

MOLINA	_____
RIDLEY-THOMAS	_____
KNABE	_____
ANTONOVICH	_____
YAROSLAVSKY	_____

were specifically given for PACE—in July of 2010 the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac stopped PACE in its tracks by preventing the County and similarly situated local entities across the country from placing priority liens over existing mortgages held by those federally supported agencies.

For the past 18 months, both Congress and the involved federal entities have tried, but failed to resolve this issue. As a result, PACE programs around the country have faced serious challenges and many have failed to meet their original goals. Nevertheless, the County Office of Sustainability has continued to experiment—within the tight confines of their federal grants—to find ways to achieve the program’s original objectives: creating jobs, improving the environment, and lowering utility bills for LA County residents. While the Office’s efforts have at times had only limited success, its continued dedication to the goals of the program have resulted in the State of California now asking the County to accept and administer \$8 million in additional funding. While some may question whether continued emphasis on a program that has been crippled by conflicts among Federal government agencies is truly wise, the grants are dedicated solely to energy efficiency programs designed to assist the public. As a result, the County is faced with the Hobson’s choice of either accepting funds that can only be spent on a program that the federal government has dramatically constrained, or returning the money, rejecting the state’s request for assistance and abandoning the program’s clearly worthwhile policy goals.

The Office of Sustainability strongly recommends that the County agree to the state’s request and accept this additional funding. Should the Board agree to do so, it should also insist on a higher level of accountability for the expenditure of program funds. The Board should also stress that, despite the difficult regulations imposed on

the program, the County Office of Sustainability must find ways to make it succeed.

I, THEREFORE, MOVE that the Board of Supervisors instruct the Chief Executive Officer, in conjunction with the Director of Internal Services to:

- 1) Maintain data, which shall be updated no less than once per week, showing the number of participants within each component subprogram of EUCLA, including data showing the number of participants who have, within each subprogram: a) applied for participation in each of the respective sub-programs, b) received approval of their application, c) begun physical improvements of their home / commercial location (where applicable), d) completed physical improvements (where applicable), and e) received rebate checks or otherwise successfully finished their participation in the program;
- 2) Establish goals for the number of total participants over the life of the program for EUCLA overall and within each subprogram;
- 3) Establish benchmarks by month for EUCLA overall and within each subprogram by which the progress of the total program and each subprogram shall be measured;
- 4) Maintain a narrative description, which shall be made available to the Board of Supervisors no less than once per month, of the steps taken to improve performance of EUCLA overall and for any subprogram in any month in which the benchmarks established in #3 are not met for EUCLA overall and for each subprogram, potentially including, as the CEO and Director deem appropriate, a reallocation of resources from underperforming subprograms to subprograms that are meeting or exceeding benchmarks.